GTPL Hathway Ltd — Jan 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline / Positive **One-line:** GTPL is successfully pivoting from a stagnant cable distributor to a high-growth broadband provider, funded by the stable cash flows of its market-leading CATV business.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Revenue grew 2% QoQ; EBITDA grew 2% QoQ (Ex-EPC).	□
Earnings Quality	High (Core driven)	PAT growth (26% QoQ) aided by lower interest costs; operational EBITDA is stable.	□
Guidance Confidence	Strong	Management hitting subscriber addition targets in Broadband (+130k in 9M).	□
Management Credibility	Strong	Achieved net debt-free status; consistent execution on Broadband pivot.	□
Business Quality Signal	Improving	Revenue mix shifting toward higher-margin/higher-growth ISP segment.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	CATV Stagnation	Paying CATV subs grew, but subscription revenue fell 0.5% QoQ.	□
Capital Cycle Stage	Harvesting / Investment	Harvesting CATV cash; investing in GPON Broadband infrastructure.	□
Margin / Return Ratio Trajectory	Stable	Consolidated EBITDA margins held at 24.1% (Ex-EPC).	□
Pricing Power	Eroding (CATV) / Stable (ISP)	CATV ARPU under pressure; Broadband ARPU steady at □440.	□
FCF Conversion & Quality	Strong	Massive debt reduction (Net Debt from □127.9 Cr in FY20 to -□0.4 Cr).	□
Competitive Moat Signals	Stable	Market leadership in Gujarat maintained; 8.2 Mn active CATV subs.	□
Balance Sheet Strength	Strong	Net Debt-free; Finance costs down 42% 9M-o-9M.	□
Working Capital Efficiency	Stable	Inventory/DSO not detailed in PPT, but debt reduction implies efficiency.	□
Mgmt Guidance Track Record	Reliable	First entry — appearing consistent with "Growth Opportunities" slide.	□
Key Vulnerability / Red Flag	Activation Revenue	Activation revenue down 48.2% YoY; suggests maturing market/heavy competition.	□
Management Tone	Confident	Focused on "Hybrid Expansion" and "Capitalizing GPON."	□

Key Takeaways (Positives & Negatives): * **Positives:** The Broadband segment (ISP) is the primary value driver, with revenue up 35% YoY and 5% QoQ, supported by a 530k increase in Home-passes over 9M. The company is now net debt-free, providing significant balance sheet flexibility for the planned "Venture into New Markets" through acquisitions. Management has successfully defended the CATV subscriber base (Active subs up to 8.2 Mn) while aggressively cross-selling broadband to the existing 10+ Mn CATV household reach. * **Negatives:** CATV Subscription Revenue is stagnant (₹270.2 Cr vs ₹271.8 Cr YoY) despite higher paying subscribers, indicating a mix shift toward lower-value packs or pricing compression. Activation revenue—a high-margin entry fee—has collapsed by 48% YoY (₹13.2 Cr vs ₹25.1 Cr), signaling that new customer acquisition in the cable segment is becoming costlier or less lucrative. * **Street Concern:** Analysts are likely focused on whether the "Hybrid Expansion" (Broadband + OTT) can offset the gradual cannibalization of traditional cable by cord-cutting and Free Dish. * **Forward Watchpoint:** Monitoring the conversion rate of CATV homes to Broadband homes; current penetration is low relative to the 10+ Mn household reach.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q3 FY22)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Active CATV Subs (Mn)	8.20	↑ 3.8%	↑ 1.9%	↑	Volume-led growth; footprint expansion.
Paying CATV Subs (Mn)	7.50	↑ 2.0%	↑ 2.0%	↑	Consistent conversion of active base.
Broadband Subs ('000)	765	↑ 34.2%	↑ 9.3%	↑	High-growth engine; volume-led.
Broadband ARPU (₹)	440	→ 0.0%	→ 0.0%	→	Maintained despite competition.
Broadband Home-pass (Mn)	4.40	↑ 15.8%	↑ 4.8%	↑	Continued infrastructure rollout.
Revenue (Ex-EPC) (₹Cr)	611.0	↑ 8.7%	↑ 2.0%	↑	Driven by ISP revenue growth.
ISP Revenue (₹Cr)	105.4	↑ 35.5%	↑ 4.8%	↑	Core growth driver (Realization stable).
CATV Subscription Rev (₹Cr)	270.2	↓ 0.6%	↓ 0.5%	↓	Pricing pressure/stagnant realization.
EBITDA (Ex-EPC) (₹Cr)	147.2	↑ 2.9%	↑ 2.0%	↑	Margins protected at 24.1%.
EBITDA Margin % (Ex-EPC)	24.1%	↓ 130 bps	→ 0 bps	→	Higher ISP mix offsetting CATV costs.
PAT (Incl. EPC) (₹Cr)	54.6	↑ 21.1%	↑ 26.1%	↑	Helped by 42% lower finance costs.
Net Debt / (Cash) (₹Cr)	(0.4)	↑ 100%	↑ 100%	↑	Effectively net debt-free.
Finance Cost (₹Cr)	3.3	↓ 34.0%	→ 0.0%	↑	Efficient deleveraging.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
CATV Subscription	270.2	-0.6%	Not Stated	↓	Below	Stagnant revenue despite sub growth.
Broadband (ISP)	105.4	+35.5%	Not Stated	↑	Above	530k new Home-passes in 9M FY22.
Placement/ Carriage	185.9	+13.4%	High	↑	Above	Significant driver of total EBITDA.
Activation	13.2	-48.2%	High	↓	Below	Sharp decline in new CATV connection fees.
EPC	1.9	-98.0%	7.6%	↓	Below	Project-based; winding down.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	16% 9M growth in Ex-EPC revenue.	Needs ~□610 Cr in Q4 to maintain FY trajectory; consistent with Q3.	First entry	Low
Guidance	ISP Growth	51% 9M growth in ISP Revenue.	Strong momentum; requires ~100k adds/qtr to sustain.	First entry	Low
Strategy	Hybrid Expansion	Bundle CATV with Broadband & OTT.	Success depends on GPON infrastructure monetization.	First entry	Medium
Strategy	New Markets	Expansion through acquisitions/consolidation.	Net debt-free status makes this highly feasible.	First entry	Low
Strategy	Rural Gujarat	Increase penetration in rural areas.	Requires lower-cost delivery models.	First entry	Medium
Balance	Deleveraging	Maintain Net Debt-Free status.	Already achieved; focus shifts to cash accumulation.	Delivered	Low

(PPT_ONLY mode: N/A — no concall conducted.)

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
CATV Paying Subscribers	Not available	7.50 Mn	First entry
Broadband Subscribers	Not available	765K	First entry
Debt Status	Not available	Net Debt-free (-□0.4 Cr)	First entry
ISP Revenue Contribution	Not available	17.2% of Total Rev	First entry
Finance Costs	Not available	□3.3 Cr (Qtrly)	First entry

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